

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 001040

SIPDIS

USDOE FOR CHUCK WASHINGTON  
USDOC FOR 4212/ITA/MAC/OEURA/CPD/DDEFALCO

E.O. 12958: DECL: 02/22/2025

TAGS: [ENRG](#) [EPET](#) [PGOV](#) [TU](#)

SUBJECT: TURKEY: ENERGY CORRUPTION INVESTIGATION GOOD AND  
BAD

Classified By: (U) DCM Robert Deutsch; Reasons: 1.4 (b,d)

11. (C) SUMMARY: Reminiscent of the 2001 "White Energy Probe", Turkey has launched a new energy corruption investigation, casting its net first to 11 senior energy officials and business-people in the electricity and natural gas sectors, the investigation -- announced by Energy Minister Guler -- has caused great unease among other Ministers and ruling AKP officials whose activities appear to have been, at a minimum, imprudent. Despite the fears of some Embassy contacts that the investigation and wide press coverage of possible links will slow down liberalization and privatization in the energy sector, tackling corruption relentlessly is essential if Turkey is to have any chance of joining the EU and if PM Erdogan wants to retain credibility. End Summary.

12. (SBU) On February 13, Turkish state prosecutors ordered the arrest of seven businessmen and senior officials on charges of corruption in energy sector tenders. Among the first arrested were the Director, Onder Piyade, and Deputy Director of EUAS (the State Electricity Production Company) and some private company CEO's, including the brother of an AKP Deputy. Among an additional four officials who were detained and released was state pipeline company BOTAS Deputy Director Fuat Celepci. According to lively press reporting, the scope of the investigation includes irregularities in energy tenders and auctions (primarily hydroelectric facilities), but also includes alleged abuses in construction tenders for the Turkey-Greece natural gas pipe-line. Ironically, EUAS Director Piyade was named "Bureaucrat of the Year" by the Energy Minister last September, even though police had started to probe allegations for alleged graft against him in July.

13. (C) Some press accounts have already labeled this graft probe as "White Energy Probe II", referring to what is described as Turkey's single largest corruption and bribery investigation, undertaken in 2001 primarily against energy officials from the formerly dominant ANAP party in government at that time. While these and related cases continue to this day against former PM Mesut Yilmaz, former State Minister Gunes Taner, and former Energy Minister Cumhur Ersumer (all accused of or linked to massive corruption in the Blue Stream project for provision of Russian natural gas under the Black Sea), there have so far been only a few convictions at a lower level. "White Energy" petered out mostly because former PM Yilmaz and allies in the military, including former CHOD Kivrikoglu, succeeded in spiking the investigation, in which Jandarma intelligence had taken the lead. One legacy of the White Energy probe is a perception of continuous investigation that has created an increased bureaucratic hesitance to reach decisions and sign documents - for fear that one might be later accused of doing something "not in the interests of the state" (however defined or calculated). Like the previous probe, the newest energy corruption investigation is gaining increasing press attention and may spiral in its reach.

14. (SBU) Many press reports have noted that AKP affiliated or designated officials have been targeted in the probe. Press reports have also noted that Piyade was appointed by the new AKP government, even after his appointment had been turned back by President Sezer (who has rejected appointments of many officials perceived as overly "Islamist"). One columnist predicted that corrupt links between some AKP deputies and targeted businesses could trigger a (long-predicted) cabinet reshuffle.

15. (C) PM Erdogan and other officials have stated that the investigation should be pursued vigorously wherever it might lead as part of its general campaign against corruption. However, the way in which the cases were announced reflects political rivalries and various clan and religious lodge relations inside and close to the AKP. We understand from police and other contacts that the Turkish National Police had been on the verge of announcing the arrest when Energy Minister Guler, also long aware of and supporting the investigation, preempted them with a press announcement as the arrests were carried out.

16. (C) The energy graft probe may trigger investigations in other sectors. A number of cases are ongoing concerning corruption in the military. We understand another investigation into smuggling with high level GOT links is underway, as is an investigation of drug procurements by the Social Security System which has led to the arrest of Roche's Turkey General Manager. Finally, President Sezer was reported to have proposed to PM Erdogan the creation of a new anti-corruption ministry.

17. (C) COMMENT: The AKP Government took power with promises of doing something about the systemic and formidable problem of corruption in Turkey. Whether and to what extent this investigation represents a start on meeting this so far unfulfilled promise remains to be seen. (The impact of this probe on the energy sector is also unknown.) Past corruption investigations have been ineffective because they were immediately politicized. Given the rumored extent of continuing corruption, it seems doubtful that the Erdogan government will pursue corruption effectively.  
EDELMAN